

# PROPOSED FOOD AND BEVERAGE TAX REFERENDUM



## How is tax imposed?

- ✓ Any County authorized to levy 4% tax under Code of Va.
- ✓ Will be voted on in general election November 4
- ✓ Will yield potentially \$2.2 million in revenue annually
- ✓ One penny on real estate tax rates yields \$1.2 million so it is almost two cents on the real estate tax rate.

## What is its purpose?

- ✓ Construction, renovation and maintenance of capital projects—including schools (Over \$280 million in projects requested in next 10 years)

## To what products is it applied?

- ✓ A tax on prepared food and beverages (ready to eat)
- ✓ Not a tax on groceries
- ✓ Includes alcoholic and non-alcoholic beverages—but not factory sealed items in bottles and cans.

## What effect would it have on the average resident?

- ✓ On a \$5 fast food meal, tax = 20 cents
- ✓ On a \$50 meal at a nice restaurant = \$2.00
- ✓ Other localities with meals tax: Warrenton, Manassas, Manassas Park, Albemarle, Rappahannock, King George, Madison, Orange, Spotsylvania, Stafford, Leesburg. Up for referendum this year: Loudoun, Culpeper

## Why should it be considered at this time?

- ✓ Diversify tax base by not just relying on real estate—shift some burden to tourists, visitors and commuters.
- ✓ Declining state and federal revenues; increasing mandates.
- ✓ Additional revenue will be used to fund the County's capital improvement program.

## What capital projects would it be applied to?

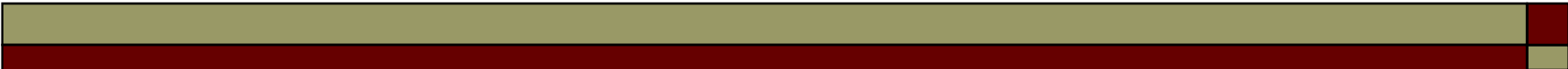
- ✓ New elementary school (South)
- ✓ Land purchase new middle school
- ✓ New Baltimore Library
- ✓ Southern Community Sports Complex/Pool
- ✓ Northern Community Pool
- ✓ Transportation Complex
- ✓ County and School Office Space
- ✓ Renovations to Fauquier High, Taylor Middle, Warrenton Middle Schools

*Fauquier County Board of Supervisors Final—10/14/08*

# **FOOD AND BEVERAGE TAX REFERENDUM: FREQUENTLY ASKED QUESTIONS**

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# Public Forums on Food and Beverage Tax

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- Monday, September 22 6:30 p.m. Marshall Middle School
- Thursday, October 02 6:30 p.m. Fauquier High School
- Tuesday, October 14 6:30 p.m. Liberty High School

# How is the tax imposed?

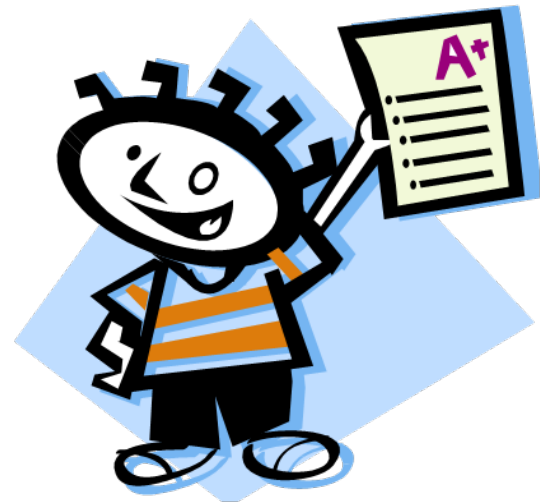


- Counties may levy up to 4% tax under Virginia law
- To be voted on in public referendum during November 4 election
- \$2.2 million in revenue annually
- (Each time the real estate tax is raised one cent, the resulting revenue is \$1.2 million. So, a meals tax yields about the equivalent of raising the real estate tax 2 cents.)

# What would the tax money be used for?

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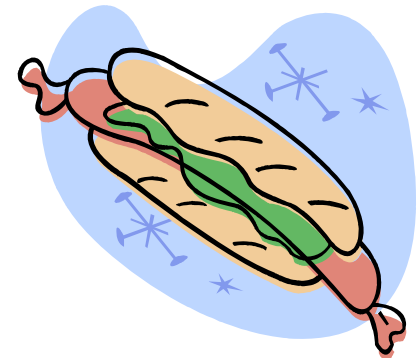
- ❑ Construction, renovation and maintenance of capital projects—including schools
- ❑ Adopted CIP projects over \$280 million in projects requested in next 10 years



# To what kind of items would the tax apply?

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- ❑ Prepared food and beverages (ready-to-eat)
- ❑ NOT groceries
- ❑ Includes alcoholic and non-alcoholic beverages served with a meal.
- ❑ Not applicable in Town of Warrenton, Remington or The Plains



# Examples

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- ❑ A tax on the sale of prepared food and beverages at restaurants, lunchrooms, cafeterias, coffee shops, cafes, taverns, delis, push cart operations and hot dog stands.
- ❑ Grocery and convenience stores only collect the tax on ready to eat foods—such as the deli or salad bar.
- ❑ Does not apply to vending machines

# What effect would the tax have on an average resident?

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- ❑ On a \$5 “fast food” meal, tax would be 20 cents
- ❑ On a \$50 meal at a “nice restaurant”, tax would be \$2.00







# Other localities charging food and beverage tax

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- ❑ Town of Warrenton
- ❑ City of Manassas
- ❑ City of Manassas Park
- ❑ City of Fredericksburg
- ❑ Albemarle County
- ❑ Rappahannock County
- ❑ King George County



## Other localities charging tax (continued)

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- ❑ Madison County
- ❑ Orange County
- ❑ Alleghany County
- ❑ Spotsylvania County
- ❑ Stafford County
- ❑ Warren County
- ❑ Town of Leesburg

# Other localities charging tax (continued)

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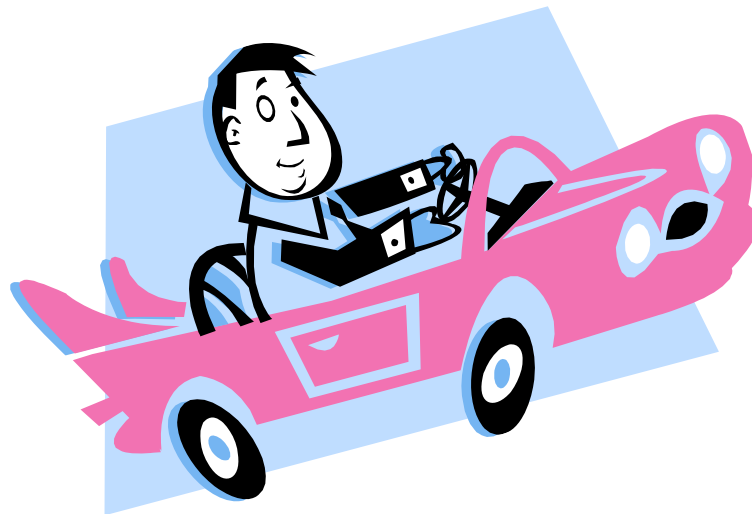
- ❑ Loudoun County: Referendum in November
- ❑ Culpeper County: Referendum in November



# Who will pay the meals tax?

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- ❑ Commuters, travelers and tourists who pass through Fauquier County on a daily basis on Routes 66, 29 and 17.
- ❑ County residents who choose to dine out.



# Commuters and Travelers per Day (Courtesy VDOT)

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□ 1-66 to Warrenton	9,707
□ Opal to Stafford County Line	18,845
□ Paris (Rte. 50) to I-66	7,628
□ Prince Wm. Co. Line to Warrenton	47,250
□ Warrenton/Route 17	45,219
□ 17 to Culpeper Co. Line	<u>26,927</u>
	<b><i>155,176</i></b>



# Why should voters consider the tax now?

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- ❑ Diversify County's tax base by not just relying on raising the real estate tax
- ❑ Shift some of the burden to tourists, visitors and commuters
- ❑ Declining state and federal revenues, increased mandates





# What is the difference between a general tax and a use tax?

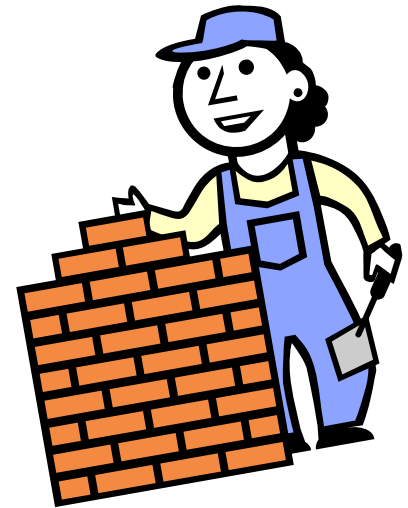
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- ❑ If the County chose to gain additional revenue by increasing the real estate tax, this would apply to all landowning County residents, regardless of their ability to pay
- ❑ If the County imposed a meals tax, it would apply to tourists, commuters and travelers, as well as residents who choose to dine out.

# What capital projects would the tax be applied to? (Adopted CIP 2009-2017)

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- ❑ **Elementary School #12 (South)**
- ❑ **Renovations Fauquier HS, Taylor/Warrenton MS**
- ❑ **Land Purchase New Middle School**
- ❑ **New Baltimore Library**
- ❑ **Southern Complex/Community Pool**
- ❑ **Northern Community Pool**
- ❑ **Transportation Complex**
- ❑ **County and School Office Space**







# COMMUNITY ENDORSEMENTS

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- ❑ Fauquier County Chamber of Commerce
- ❑ Fauquier County Farm Bureau

# QUESTIONS/COMMENTS

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